



MICHIGAN DEPARTMENT OF
ENVIRONMENT, GREAT LAKES, AND ENERGY



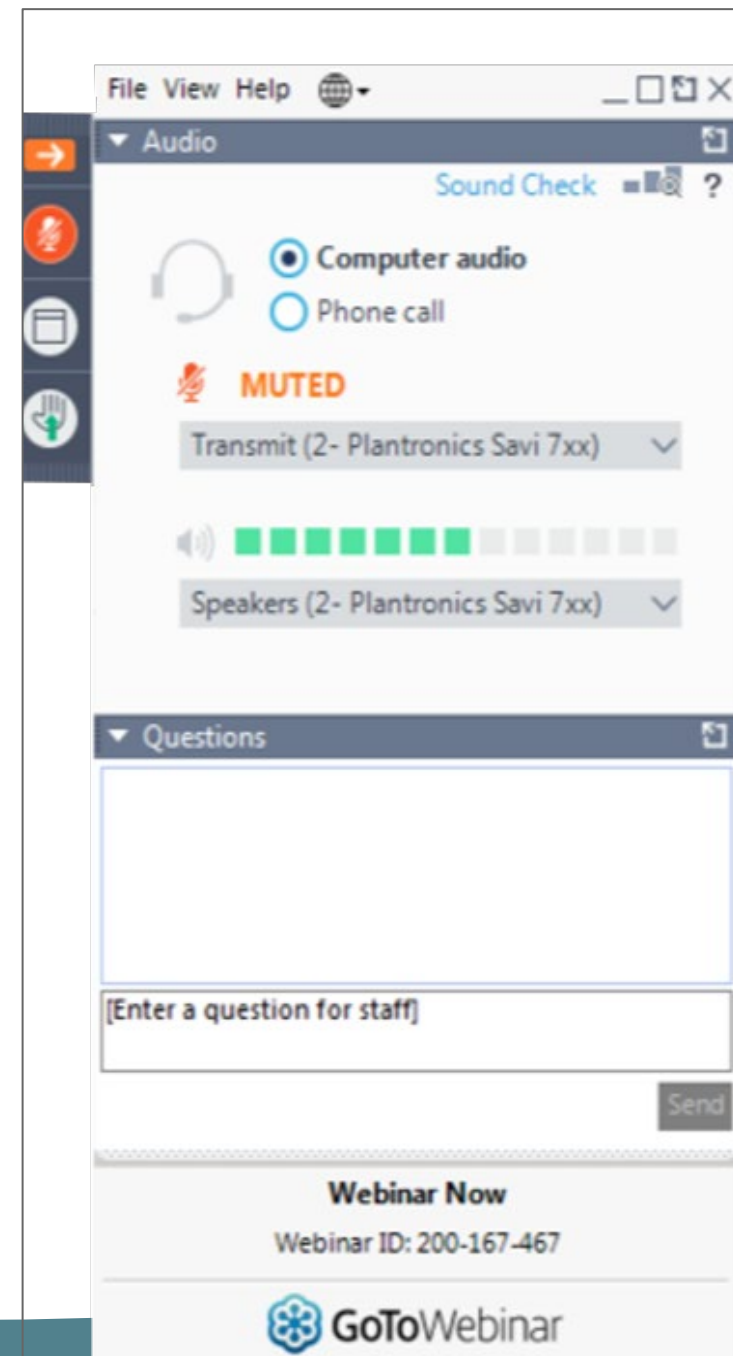
GRAHAM
SUSTAINABILITY INSTITUTE
UNIVERSITY OF MICHIGAN

CLEAN ENERGY & ENERGY MANAGEMENT WEBINAR SERIES

Facilitating Community-wide Clean Energy Improvements using PACE Financing

Have a question?

Use the “Questions” function
to pose questions throughout
the webinar



Today's Speakers

Elise Matz - Lean & Green Michigan, Government Relations Manager

Todd Williams - Lean & Green Michigan, President & General Counsel

Eric Schertzing - Ingham County Treasurer

Bob Robinson - Eaton County Treasurer



Facilitating Community-wide Clean Energy Improvements using **PACE** Financing

March 2, 2021

Meet our Team...



Todd M. Williams
President & General Counsel



Elise D. Matz
Government Relations Manager



Aaron Pattison
Associate Counsel



Christian G. Koch
External Affairs Manager

Today's Agenda:

I. Why PACE?

II. Our Process

III. Market Data

IV. Case Studies

V. Questions?





Why PACE?

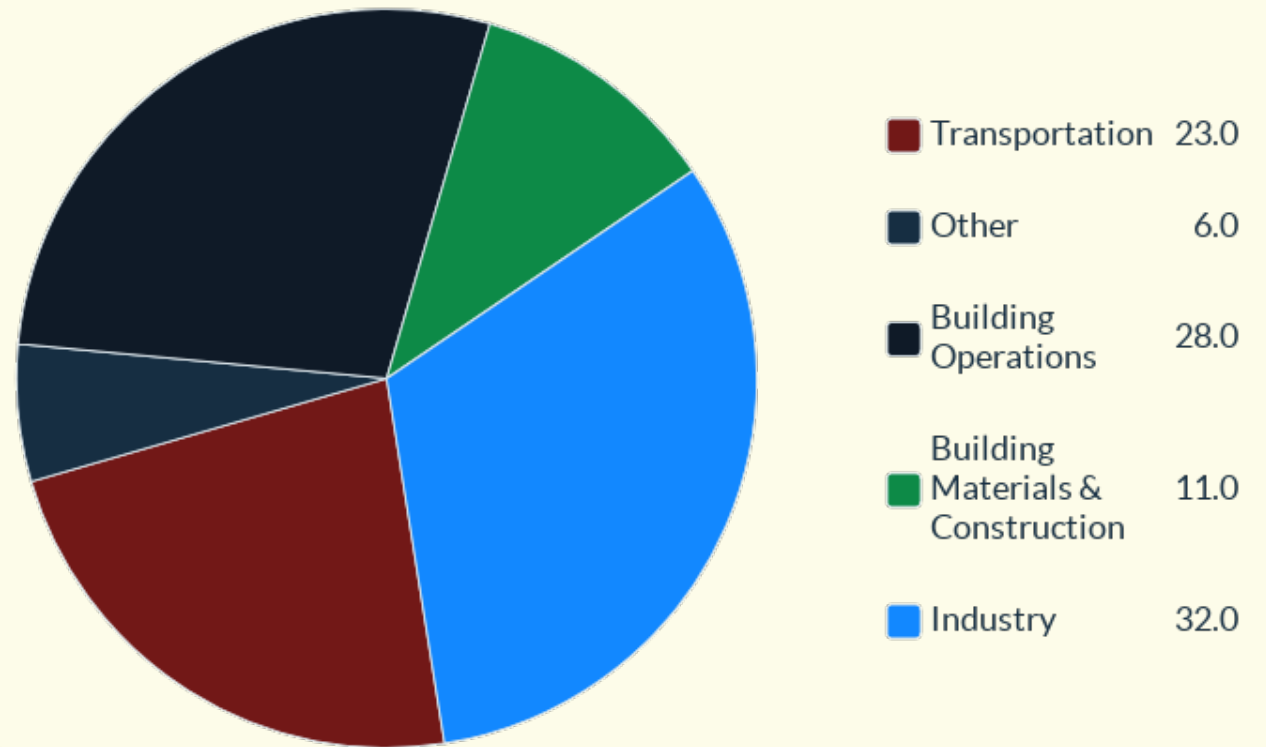
***Our value
proposition***

The promise of efficiency

- Constructing and operating buildings accounts for almost 40% of green house gas emissions
- 30% of energy consumed in buildings is wasted
- By 2060, global building stock will double in area

Global Carbon Emissions By Sector

*Source: Global Alliance for Buildings and Construction 2018 Global Status Report



Problem

Energy efficiency, water efficiency, and renewable energy projects can be expensive.

Traditional financing tools require large, up-front capital investment for a slow, long-term payback, providing little incentive for businesses to undertake these projects.



Solution

PACE financing allows a property owner to voluntarily enter into a special assessment agreement, which can be repaid over a period up to 25 years.



Local governments get a free economic development tool that increases their tax base.



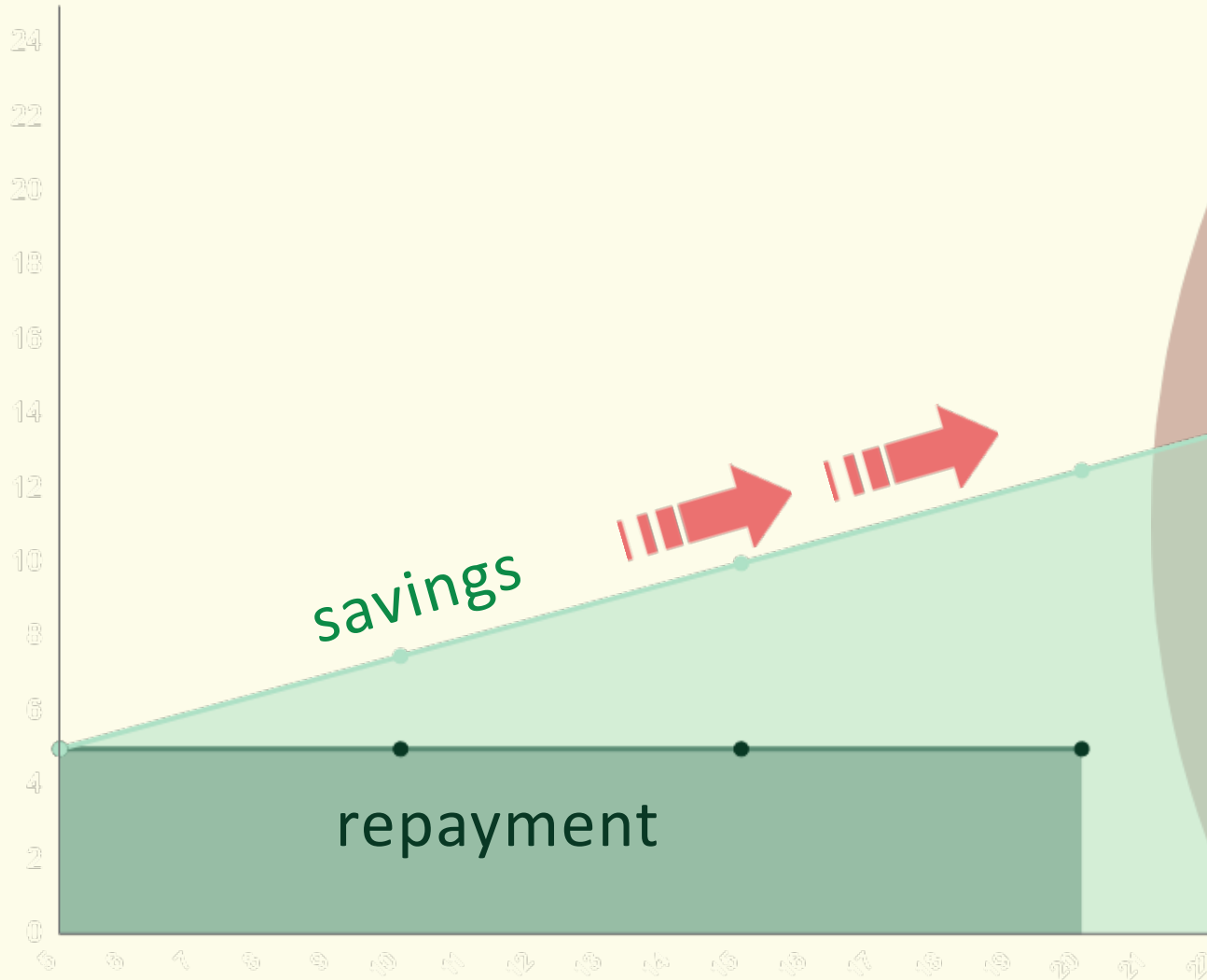
Property owners get 100 percent up-front financing and a fixed interest rate.



PACE lenders get the security of a property lien created by the special assessment.



Project Cost vs. Savings



PACE Financing

- 100% upfront financing
- Up to 25% loan-to-value ratio
- Fixed interest rates
- Long-term loans, up to 25 years
- The loan runs with the land

PACE vs. PACE EXPRESS

Traditional PACE

PACE Express

Project Cost

Greater than \$250,000

Less than \$250,000

Savings Guarantee



Savings-to-Investment Ratio

Must be > 1

N/A

Qualified PACE Upgrades:



Energy efficiency lighting, HVAC, windows, insulation, roofing, caulking



Water efficiency stormwater recapture, low-flow toilets / sinks / showerheads, greywater systems




Renewables solar energy, solar roofs, wind energy, EV charging, geothermal, CHP

... and more!



... and more!



**If an efficiency or
renewable energy upgrade
saves money, it might
qualify for PACE!**

The bottom line

when financing efficiency and renewable
energy projects,

PACE makes the benefits
outweigh the costs

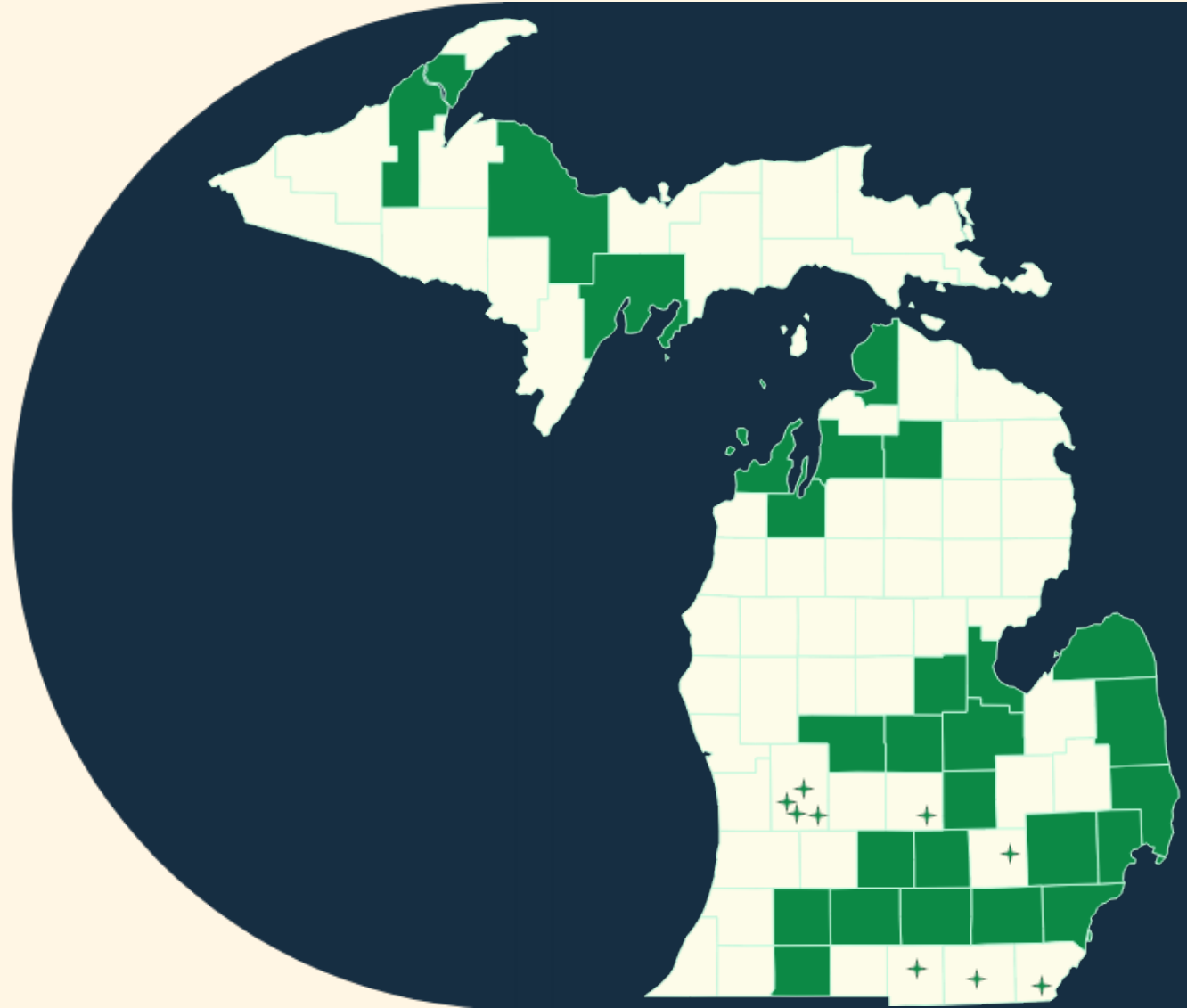




Our Process

***How Lean &
Green makes
PACE work***

Lean & Green Michigan is public-private partnership that **serves 48 counties, cities and townships** in Michigan, comprising **over 73% of Michiganders.**



Lean & Green Michigan allows local governments all over Michigan to benefit from economy of scale. We implement PACE efficiently with minimal burden on our local government partners' staff.

why Lean & Green?

Lean & Green Michigan was founded in 2014, and to date we have successfully closed projects with 17 of our local government partners throughout the state. We are experts on C-PACE because it's all we do.

So how does Lean & Green help?



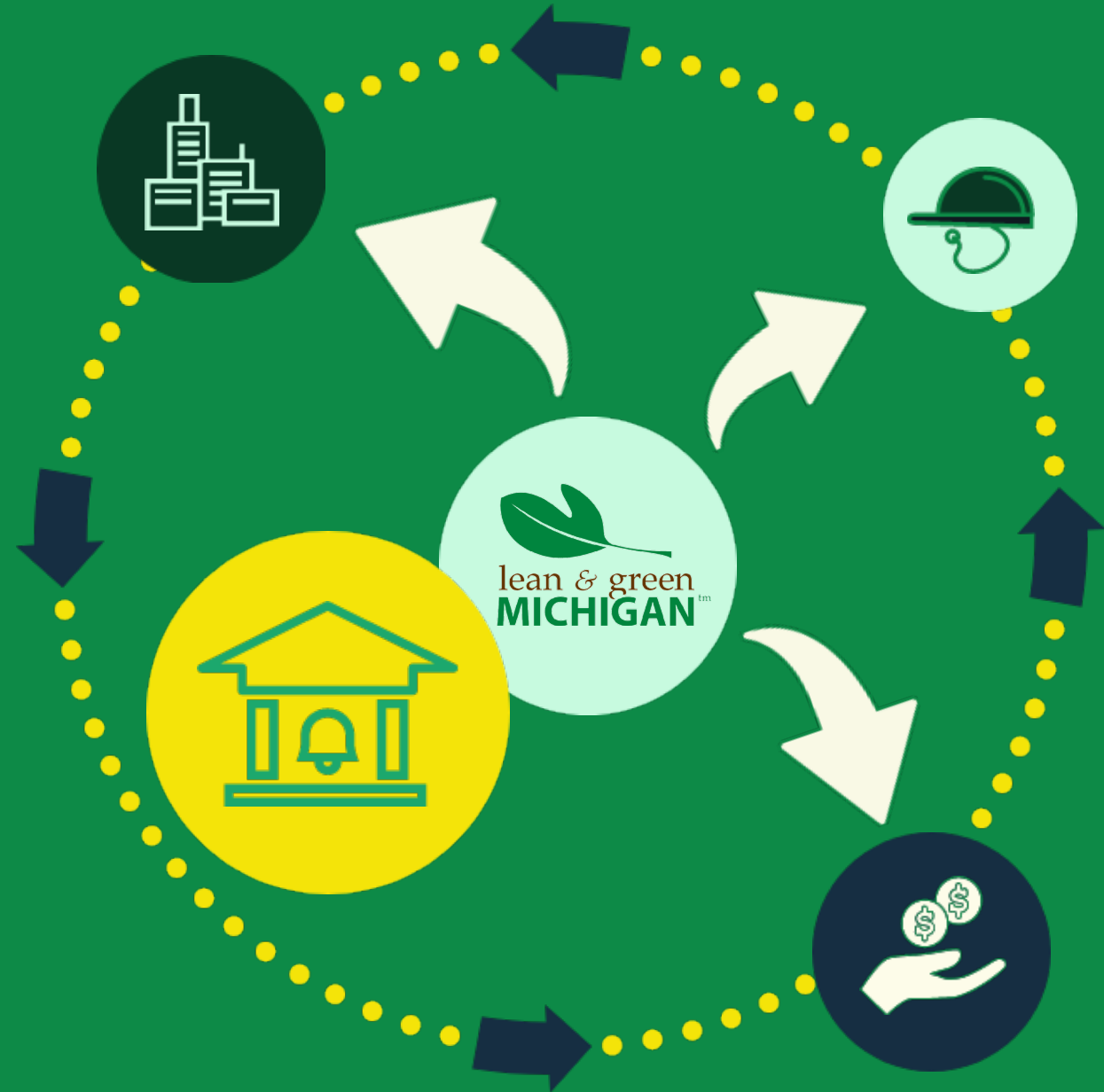
***Lean & Green Michigan is your resource for all things PACE.
PACE is complex, but we make it simple for you - with NO
government funding***



The PACE Process

Local Government

With the assistance of Lean & Green, the a local government provides security to a lender by creating a voluntary assessment on a property.



The PACE Process

Property Owner

Commercial

hotels, hospitals, restaurants, office buildings

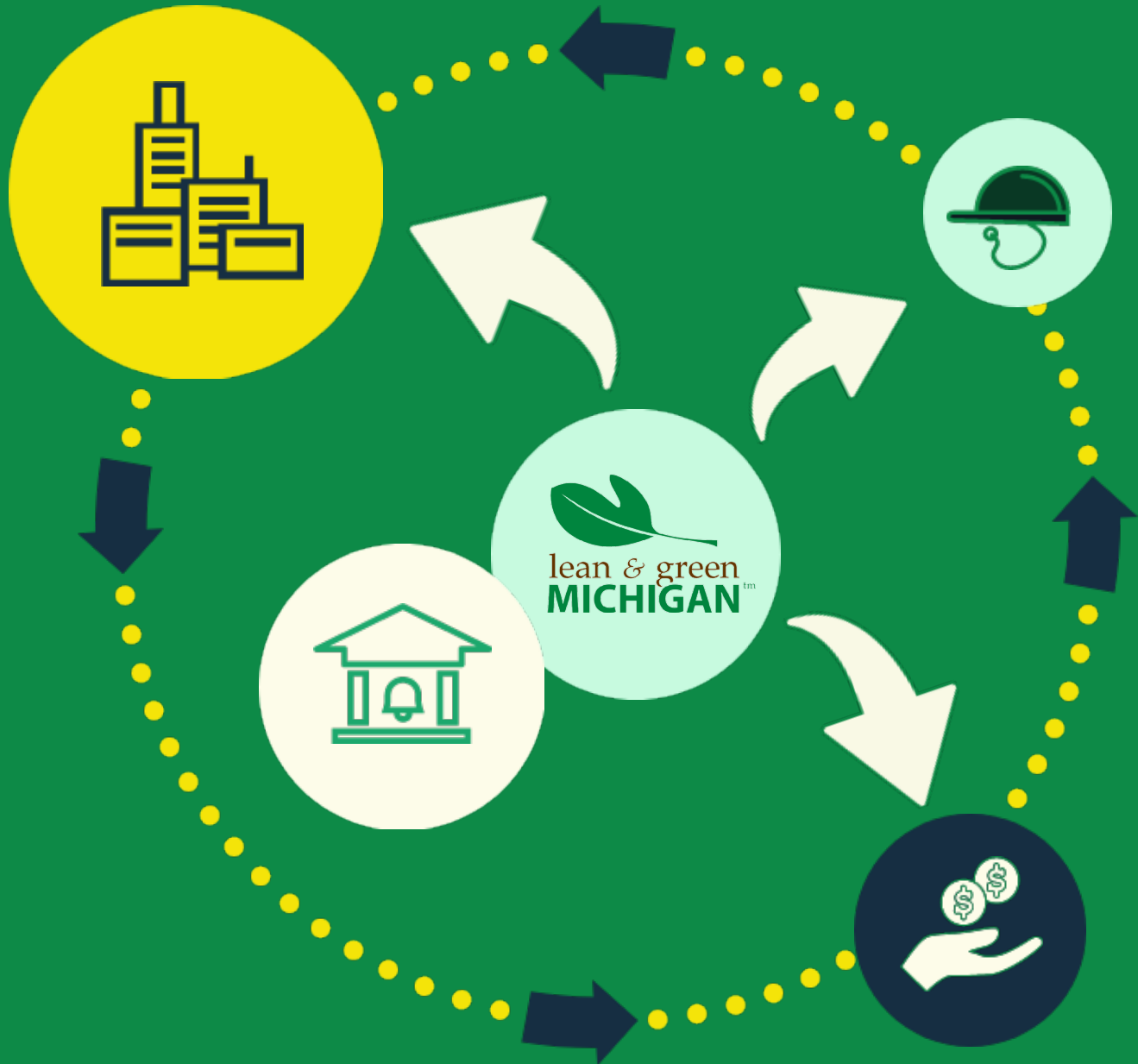
Multi-family

both market-rate and low-income apartment buildings

Nonprofit

houses of worship, private schools, cooperatives

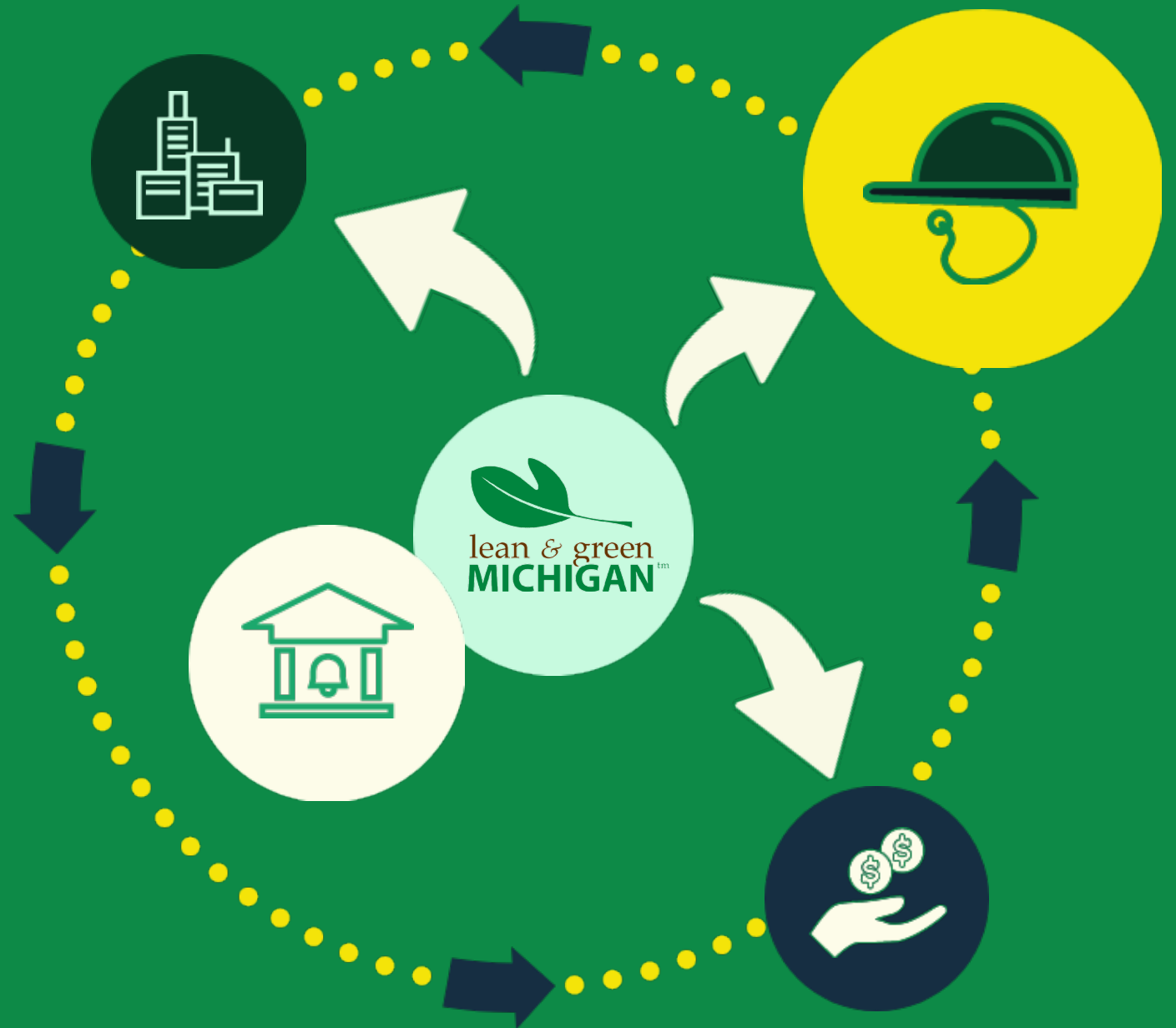
Industrial



The PACE Process

Contractor

Designs the project, provides an energy audit, and for projects greater than \$250,000, guarantees a savings-to-investment ratio of greater than 1.



The PACE Process

Lender

Underwrites the project and provides financial capital. Eight lenders have financed closed deals in Michigan, with more expressing interest in the PACE market each quarter!





Market Data

Setting the PACE

Market data



37

PACE projects financed since 2015



\$80 million

Private investment

Lean & Green's Impact

Electricity Savings	327,853,806 kWh
CO2 Savings	435,877 tons
Water Saved	249,303,187 gallons
Money Saved	\$155 million
Jobs Created	893





2021 So Far...

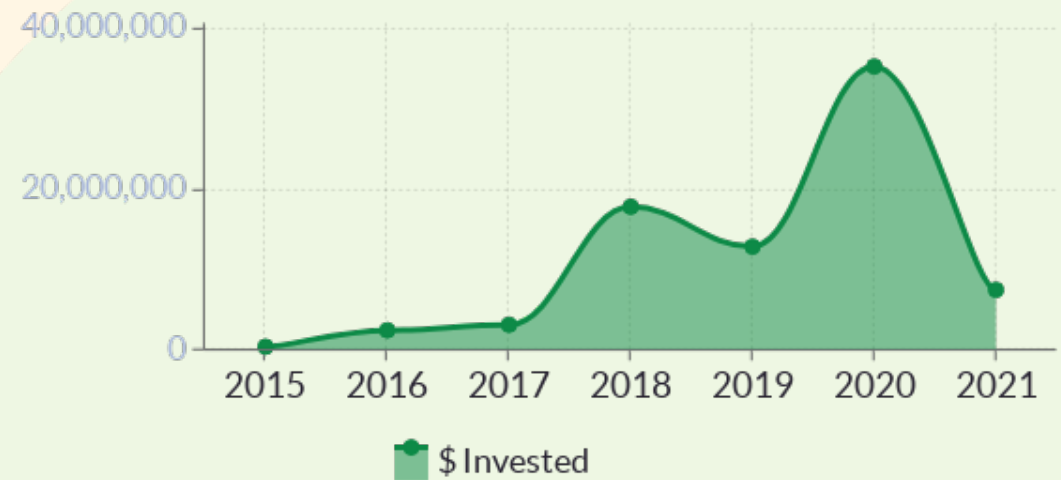
Projects Financed

2015 - 2021



Capital Invested

2015 - 2021





Case Studies

*A couple of PACE projects
in
Ingham & Eaton Counties*



PACE in INGHAM CO

- Ingham County **established a PACE district in 2012**, and completed its **first PACE assessment in 2018**.
- So far, there have been **two PACE projects** in Ingham County.
- Ingham County's authorized official is **County Treasurer Eric Shertzing**.



513- 515

West Ionia

Lansing's Capitol District

A pair of 1920's red brick buildings undergo extensive rehabilitation into mixed use office and retail space, and six multifamily units.



01

Ionia Street Upgrades

AUGUST 2018

- 4-kw of solar power
- High-efficiency windows
- Installation of an electric vehicle charger
- Installation of a 4.4kw CHP system
- Boiler upgrade
- Energy Efficient Appliances
- LED lighting/switch sensors



01

Ionia Street Snapshot

AUGUST 2018



515 Ionia, LLC



\$247,729 financed
\$267,457 net savings



20 year project term



Hannon Armstrong,
Counterpointe SRE





PACE in EATON CO

- Eaton County **established a PACE district in 2014**, and completed its **first PACE assessment in 2015**.
- So far, there have been **three PACE projects** in Eaton County.
- Eaton County's authorized official is **County Treasurer Bob Robinson**.



Liquid Web

Hillcorp Properties

Michigan's first data center
PACE deal financed a thermal
management system that
economizes energy use,
protects against outside air
contamination, and reduces
system wear and tear.



02

Liquid Web Upgrades

JULY 2018

20 Units

Vertiv DA165 Computer Room Air Condition with EconoPhase pump system and Aircooled Microchannel condenser

4 Units

Vertiv DAO85 Computer Room Air Condition with EconoPhase pump system and Aircooled Microchannel condenser



02

Liquid Web Snapshot

JULY 2018



Hillcorp Properties, LLC



Keen Technical Solutions



\$3,690,000 financed,
\$1,566,059 net savings



20 year project term



Structured Finance Associates



**Think you have a
PACE Deal?**



Call Us.

**We love to discuss new opportunities.
It's why we're here.**



Questions?

please shout!





Thank you!

Get in touch:

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CLEAN ENERGY & ENERGY MANAGEMENT WEBINAR SERIES

Upcoming Webinars & Trainings

- | | |
|----------|--|
| March 17 | Helping Facilitate Rooftop Solar in Your Community |
| March 30 | Intro to Planning and Zoning for Clean Energy |
| April 13 | Zoning for Utility-Scale Wind Energy |
| April 27 | Zoning for Utility-Scale Solar Energy |

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